This Executive Compensation Policy (“Policy”) outlines the framework for remuneration of top executives at ABS Company (“Company”), balancing transparency with strategic confidentiality, and ensuring alignment with industry standards and corporate governance principles.

**1. Scope and Purpose**

This Policy applies to all senior executives, including but not limited to the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Sample executives under this Policy:

* **Robert Taylor, CEO**
* **Linda Martinez, CFO**

Its purpose is to define the structure and components of executive compensation to attract, motivate, and retain talent while aligning their interests with shareholder and Company goals.

**2. Compensation Components**

Executive compensation at ABS includes the following core elements:

| **Component** | **Description** |
| --- | --- |
| **Base Salary** | Fixed annual salary based on role, market benchmarks, and individual experience. Reviewed annually by the Board. |
| **Annual Bonus** | Performance-based cash bonus tied to achievement of strategic and financial goals. Award criteria described below. |
| **Stock Options** | Long-term incentive through equity participation, subject to eligibility and vesting schedules to promote retention and align interests with shareholders. |
| **Benefits** | Standard Company benefits including health insurance, retirement plans, and executive perks consistent with policy. |

**3. Salary Structure**

* Salaries are set within competitive market ranges based on independent compensation surveys considering sector, size, and geographic factors.
* Adjustments to base salary occur annually, subject to Company performance, inflation, and individual contribution, and require approval from the Remuneration Committee of the Board.

**4. Bonus Criteria and Performance Evaluation**

**Performance Metrics:** Annual bonuses are linked to pre-defined Key Performance Indicators (KPIs), including but not limited to:

* Financial targets (revenue growth, profitability, cost management)
* Strategic initiatives (market expansion, product development milestones)
* Leadership and operational excellence

**Evaluation Process:**

* Mid-year and year-end performance reviews are conducted by the Board’s Remuneration Committee.
* CEO and CFO submit self-evaluations alongside supporting documentation.
* The Committee benchmarks executive performance against objectives and market positioning.
* Bonus payouts are discretionary but grounded in transparent assessment standards.

**5. Stock Options Eligibility and Terms**

* Executives are eligible to receive stock option grants annually, subject to Board approval.
* Vesting occurs over a period of 3 to 5 years, contingent on continued service and achievement of sustained performance.
* Stock options are designed to encourage long-term value creation and retention aligned with shareholder interests.
* Option terms, including exercise price and expiration, adhere to governing legal and regulatory requirements.

**6. Confidentiality and Governance**

* Detailed executive compensation data is maintained confidentially by Human Resources and the Board to protect sensitive strategic information.
* Summary compensation disclosures align with applicable legal and regulatory standards for reporting and transparency.
* The Remuneration Committee oversees implementation and updates to this Policy, recommending changes as necessary to reflect market conditions and corporate priorities.

**Acknowledgment**

By adopting this Policy, ABS Company affirms its commitment to fair, competitive, and prudent executive compensation aligned with business objectives and stakeholder expectations.

| CEO Name | Robert Taylor |  
| CFO Name | Linda Martinez |  
| Board Chair | [Name] |  
| Date | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

*This single-page Executive Compensation Policy supports effective leadership incentives while maintaining ABS Company’s reputation for sound governance and performance-driven culture.*

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Olivia Wilson

Manager